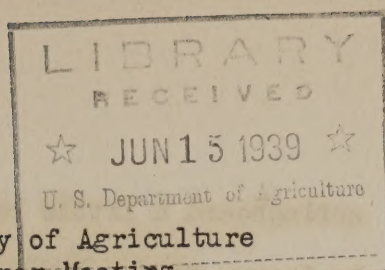


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Summary of Remarks of Secretary of Agriculture
Henry A. Wallace and Discussion at Dinner Meeting,
April 13, 1939, During Conference of Rural and Urban
Women on the American Farm and the American Home.

CHAIRMAN: Mr. Secretary, ladies and gentlemen, I am in the rather peculiar position this evening of attempting to introduce a host to his guests. I have just received instructions that this is not really to be a formal address that we are to hear. We are simply to have a continuation of the conference we had this afternoon, and if I might so phrase it, the leader of that conference will be the Secretary of Agriculture, the Honorable Henry A. Wallace.

SECRETARY WALLACE: Madam Chairman, ladies and gentlemen,..... I think it is indeed a very fine thing that so many of you have come here from so many parts of the country and from so many different backgrounds. This is possibly a foretaste of another meeting that some day many of us hope will be held with men representing agriculture, labor, and industry. We have in this meeting women who come from backgrounds representing agriculture, labor, and industry. I don't know how far you will get in discovering the nature of the psychological barriers which stand between agriculture, labor, and industry. We are hoping that you will wrestle with the problem and that some of our people in the Department of Agriculture will be able to observe your reactions.....

My real text this evening is abundance from the standpoint of children of the next generation. Particularly I want to take as a

springboard a little pamphlet entitled "The I.Q., Its Ups and Downs," by George Stoddard, the pamphlet reprinted from the Educational Record Supplement for January, 1939, by the American Council on Education, a study indicating that on the average the thing that counts with children is not heredity but the way in which they are fed and brought up.

The statistical study has to do with some 79 illegitimate children. The illegitimacy, of course, doesn't have a thing to do with it one way or the other. The 79 illegitimate children had mothers who had an average I.Q. of 86, and who had on the average completed the sophomore or the second year in high school. They did not have the I.Q.'s of the fathers, but they did know that the fathers on the average had completed the second year in high school, about the same education as the mothers, and that about 40 percent of them were in either the unemployed or common labor status. It could be said very definitely that these children came from the underprivileged group. The children were put in the common run of homes that would be seeking adopted children.

After two or three years intelligence tests were taken on the children and they were found to average 116. The tests were repeated later on, and it was found that in those homes where the economic status was lowest, the children slipped down to about 105, and those where the economic status was unusually good, held their own up around

112 to 116. Some of these children came from mothers with an I.Q. of 66, women who according to the ordinary tests would be practically morons. The children from those mothers were practically as good as the others.

This doesn't mean there isn't anything to heredity, it doesn't mean that at all. We do know that there are great variations in the hereditary ability of people. It does suggest, however, that on the average heredity measured by economic status or educational status of the parents is really not heredity at all. What we have called good breeding or good blood is not ordinarily that. It is good tradition, good food, good training, and good schooling.....

We have here the genetic basis for democracy. If our children from all economic levels are on the average equal by heredity, then it is supremely important for agriculture and business and labor to pull together to give the children of all of our people a chance. My particular purpose here is to indicate some of the ways in which the Department of Agriculture has helped and can help in that job.....

Previous to the World War, as you all know, we had an automatic market abroad for the products of some fifty million acres of land by virtue of the fact that we owed foreign countries interest on some four billion dollars, or such a matter. And in those days it was highly essential that we export a certain quantity of farm products each year in order to pay the interest on this debt which we owed. After the World War the situation became changed because of the suddenness with which we

become a creditor nation. We failed to change our tariff policy to conform to our change from a debtor to a creditor nation. Therefore our tariff policies caused great hardships to foreign nations and to farmers producing export crops.

Well, this nation has always been skillful in avoiding ultimates, and so from 1920 to 1929 it dodged the question of a declining export market by lending money to foreign nations, and so farmers thought they could go on exporting even though the tariffs were high. They didn't realize that the moment we stopped lending money there would be trouble. But we did stop lending, and in 1930 the trouble came. We still haven't faced the situation in its ultimate. We are still dodging. The psychology of the American people is not yet ready.

The problem of the decade of the Twenties was complicated further, of course, by the fact that we got rid of about ten million horses, substituted automobiles and trucks and tractors for horses, and between the horses and lack of European demand we cut down the market for farm products by, I suppose, fifty or sixty million acres. We all know the great crash that came in 1930 as a result of this combined situation.....

Undoubtedly one of the leading and initial causes of business depression in this post-war period stems from the situation in export agricultural products. We all know that it is fashionable in the different groups to say "If anything goes wrong with my group depression follows." The farmers like to say farmers come first. Labor likes to

say labor comes first. Industry says, "If you don't give us a profit, everyone will be hurt." It is my belief, however, after studying the figures that the situation in the great export commodities may come first. If cotton and wheat get into serious trouble then in a very short period of time there is trouble with regard to employment in the great cities. If cotton and wheat prices go down suddenly on the Exchanges, then within a very few weeks there is unemployment, and then a few months later the dairy farmer and the fruit and vegetable farmer and the livestock farmer get into trouble.

Business stops employing labor because it can't make a profit. It can't make a profit because it knows that trouble in cotton and wheat means trouble for everyone.

Many people were familiar with this kind of situation in 1933. At that time the grief was so great that all classes of society agreed that something should be done for agriculture. Republicans agreed with Democrats that something should be done for agriculture.....

A great many different farm acts have been passed since May of 1933 addressed to this fundamental problem which I have described, and your Department of Agriculture has endeavored to work out what you might call an integrated philosophy which simultaneously would accomplish a number of objectives. Of course we wanted to get the farm income up to about the same relationship per capita with other income per capita as had been enjoyed over the previous 20 to 30 years. We felt that was right and just. We wanted to take into account the fact

that Europe could no longer buy the same quantity of stuff as she used to buy because we didn't want to lower our tariffs enough to let the European material in. Therefore we just had to take at least 30,000,000 acres of wheat, cotton, and cornland out of production for a non-existent European market.

We also were very keenly interested in the soil problem. Back in 1930, I believe it was, Mr. Hugh Bennett who was then in the Bureau of Chemistry and Soils, had been able to get from the Congress a small appropriation to set up soil plots in such a way that he could measure the quantity of soil washed off plots treated in different ways, by means of concrete tanks located at the bottom of a slope. He had obtained in early 1933 enough in the way of experimental results to indicate to him beyond any shadow of a doubt that our soil was being rapidly destroyed. It appeared from his studies that more than 50,000,000 acres of farm land had been completely destroyed. In Iowa we have a total of 30,000,000 acres of farm land, so 50,000,000 acres is a lot of land -- 50,000,000 acres completely destroyed, another 100,000,000 acres so nearly destroyed as to be almost useless, and many more acres on the way. So we wondered if it wasn't possible not only simultaneously to raise the income of the farmer to some fair relationship with the income of the people in the towns and at the same time adjust ourselves to the fact that Europe was out of the market and would in a considerable measure continue to be out of the market, but also to take care of the soil.

Well, we developed a program to do that very thing, and then along came the most extraordinary weather. Some of the very religious people felt that the weather was a rebuke to us in Government for thinking. I would prefer to interpret it that if the weather was a specific design of the Lord,..... the specific design was that we should go still further in our thinking and get something that would protect both the farmer and the consumer from severe droughts if they should come along. I can't read anything else into it. At any rate in June of 1934 when that drought began to appear, we began to figure out how we could have an ever-normal granary to carry over crops from years of unusual abundance into the years of severe drought. We felt that the farmers would be helped by storing a certain quantity of the product in years of abundance, and we felt the consumer would be helped in the years of severe droughts. That was made into legislation in 1938 and that is now operating.

If it were not for the fact of the ever-normal granary operating through the mechanism of corn loans, corn this last fall would have been selling for 20 cents a bushel. It would have caused great waste of corn, -- it might even have caused burning of corn in some localities because it was cheaper than coal, as was the case in 1932, -- but the corn loan made it possible to hold large quantities off the market. If we should this year happen to have another severe drought such as we had in 1934 and 1936, that corn could be used in such a way as to prevent the premature sacrifice of livestock such as we had in 1934.

I wanted to tell a little bit about our Federal Surplus Commodity Corporation which last year purchased two billion pounds of food from farmers.....It purchased butter and fruits and vegetables particularly when the price got down to less than 75 percent of the normal relationship, and in most cases to less than 60 percent of the normal relationship, and then distributed that food through the State relief people.

Next month we expect to start in some five or six experimental cities a new method of distributing the products of which there is a surplus. It is known as the Federal stamp order plan. This new plan takes advantage of the cooperation which has been offered by the grocery store men. We have had offered to us enthusiastic cooperation by the representatives of 85 percent of the wholesale and retail grocery concerns of the country.

The business men in the nearest town have not understood fully what the agricultural program was about. They thought it was likely to undermine their business in some way. We do hope that this lack of understanding can be remedied. It is just impossible to have the different groups in this nation fighting each other because the fighting does interfere with balanced abundance. We are glad the farmers and grocerymen can cooperate in this new plan.

This plan will cost a lot of money. It costs money because people are unemployed. The root of the trouble goes very largely to the question of unemployment. The Department of Agriculture is not

charged with that problem. We analyze it from the farm standpoint because we know that unless the cities find an answer to that problem the agricultural problem is certain to continue. We feel it is appropriate for us in the Department of Agriculture to analyze it statistically and point out, for instance, that in the year 1938 the people in the towns and cities with their salaries and wages were able to buy 10 percent more in the way of farm products than in 1929, whereas the people on the farms could only buy about 80 percent as much in the way of city products.

It has been suggested many times that the program carried out by the Department of Agriculture was a program of scarcity, whereas as a matter of fact the agricultural program has been one of abundance and the program in the cities unwittingly has been one of scarcity. I think no one is particularly to blame for it, but the set-up in the cities is such as very definitely to make for scarcity at the expense of the farmer.

I would close as I began by saying that we are concerned above everything with seeing that the children of the next generation, whether they come from the poorest families or the best of families, have adequate food and adequate training and adequate schooling. We want those children, even if they come from the most poverty-stricken region in the entire country, to have such good schooling that they can be just as good as any other children when they come to town looking for a better opportunity. We do have the resources here in the United States to do that job.

There are all kinds of disequilibria to straighten out. In thinking about those disequilibria we can't allow ourselves to be guided by prejudice. There are whole regions which have a prejudice against the cotton South because they think those people ask too much. There are other regions which have prejudices against the dairy region because the dairy people have been very urgent in pressing their desires. The Department of Agriculture during the last six years has spent a great deal of effort endeavoring to compose these differences as nearly as might be in terms of a balanced diet for as many people as possible, in years of drought as well as in years of plenty, in such a manner that the farm income would not be impaired too greatly. The world situation has been such that the Department of Agriculture has been only very partially successful. We have lost 98 percent of our lard market in Germany and 80 percent of our cotton market.

I think it is extremely kind indeed of the women here assembled to come and counsel with us about this problem, to tell us your views on this problem, to give us the benefit of your advice. We appreciate it more greatly than I can say, because I am not eloquent in matters of this sort. I believe you can make a contribution which men cannot make because in some fields you think more clearly than men, and, moreover, if you arrive at certain conclusions you can have great effect because men defer to you.....

THE CHAIRMAN: You have the opportunity and a very kind invitation to ask questions, and I know there are a number of questions you would like to ask.

QUESTION: What possibilities are there for getting rid of surplus in the export market now or in the very near future?

THE SECRETARY: The whole agricultural program consists of an enormous number of balances. In the first instance, because of the tremendous carry-overs in 1933 the great objective was to get those carry-overs whittled down. Then the drought stepped into the picture. We then became concerned with holding on to what you might call our normal share in the world wheat market, not an excessive share but something we could hope to hold on to year after year. Large groups of our people depend for their lives on the export of wheat. We didn't want to hold on to as large a share as we had in the Twenties. In the Twenties we exported 180 million bushels. We would now like to export about 100 million bushels annually.

In like manner with cotton. We would like to hold on to an export trade of at least six million bales annually.....

QUESTION: I would like, Secretary Wallace, as regards your statement that the program of the Department of Agriculture was not the program of scarcity to have you tell us approximately how much industries reduced during the past five years in proportion to how much agriculture reduced?

SECRETARY WALLACE:Industry's production in the years 1937 and 1938 was 19 percent below 1929, and farm output was 5 percent above 1929 in those two years.....

QUESTION: Mr. Secretary, we are all consumers whether we live on the farm or in the town. I believe in cooperation as one of the solutions to the whole problem. In fact, one of the most important sentences in your book was "the cooperative way of life must prevail." Many of us would like to know to what extent that philosophy has been translated into the working program of your department. To what extent do your extension service courses teach the philosophy and technique of cooperation?

SECRETARY WALLACE: It happens that in 1930 the cooperative work of the Department of Agriculture was transferred to the Farm Board, and we have had no funds with which to work specifically on cooperatives since that date.

We have done some incidental work. Some of the agricultural adjustment acts provide that in certain of our dealings with the agricultural problem we shall so far as possible deal with the producers' cooperatives.

QUESTION: Mr. Secretary, you spoke on efficiency; that democracy had better be efficient otherwise we will find totalitarianism coming in to some other kind or form of society which many of us object to. What form would that efficiency or should that efficiency take?

SECRETARY WALLACE: Well, I think the necessary prelude to it is an infinite number of meetings of this character because first you have to understand the nature of the problem in order to arouse the determination and the will and to give fire to the heart.....

Someone sent in to me today an account of meetings held in South Dakota between farm groups and business groups in small towns. In South Dakota they had one set of meetings, and then they asked for a further set. They asked railroad labor folks as well as business men. Also they have been doing that kind of thing in Wisconsin, and I believe in some of the other States. There is much of promise there. Most of the people of the United States undoubtedly have very fine hearts. They are people of good will whether they are business men or workers or farmers, but they haven't been under the necessity of knowing what this whole problem was about, the problem that emerged after the great war. The adjustment just had to be made, so when one group seeing the necessity for certain adjustments strove wholeheartedly to get those adjustments, other groups were hurt and protested most vigorously. At first there did not emerge a concept of the general welfare but a concept of irritation and confusion. It is through that kind of period we have been passing.

I think it is inevitable that this period of irritation and confusion will more and more be succeeded by a period of definite understanding and striving for the general welfare.....

QUESTION: Mr. Secretary, I think your plan for this distribution of the surplus to the people who need it in the country is one that commends

itself to everybody in the country. I think we have all reached the point now where we agree that people in need just must be helped. They must have food. I wonder if there is anything in the new technique for distribution which you propose which is better than the one which has been used, for instance, through the Surplus Commodities Corporation?

THE SECRETARY: We do not know, and that is the reason we are trying the plan in just a few cities. We want to compare it with the old plan. It will perhaps cost more. Whether it will really cost more to the whole economy we do not know. We want to get the figures to find out. These merchants feel that they have been put to some extent on the spot. They want to show that they can do a real job of merchandising, that as a result of handling the extra volume they will be able to cut the margins. Whether they will be able to do it we just don't know.....

The plan is roughly this. Let me give a little of the background. First, Dr. Stanley's people have found that those on W.P.A. spend about one dollar a week at the grocery store for food per person, and there must be \$1.50 a week per person spent at the grocery store in order to have a decent standard of living. All right, we will say the family of four has been expending \$16.00 a month. So, we give such a family the opportunity of buying, out of its regular W.P.A. wages, \$16.00 worth of orange-colored stamps, and then in addition it

can get \$8.00 worth of blue stamps free, provided it elects to take the orange-colored stamps in lieu of cash. Orange-colored stamps can be used just in the grocery store. The blue stamp which they get free can be spent like cash only for those products designated as surplus products, which at the present time would be butter, eggs, rice, citrus fruits and beans, and so forth.

In brief, it means that those families which buy stamps are going, on the average, to be eating 50 per cent more food. The children in those families are going to be getting 50 per cent more food. Under the present F.S.C.C. scheme we are not sure of that. They may make substitutions.

QUESTION: Mr. Secretary, I am a profound believer in starting with little bits of beginnings. Out of this gathering maybe we can make a beginning. If, as we go back into our own homes and our own communities we will be resolved to cultivate only one "ism" in these United States, and that is "Americanism," I think we will have a beginning of the solving of these problems.

(APPLAUSE)

A VOICE: Don't you think Americanism means tolerance of the other fellow? Whether labor, agriculture, industry or what, I think we might term as Americanism the tolerance of the other fellow and his problem.....

THE CHAIRMAN: Shall I take it for granted there are not more questions?

I am sure that I speak for this entire group, Mr. Secretary, when I say that we appreciate very much your kindness in coming down to counsel with us this evening.

